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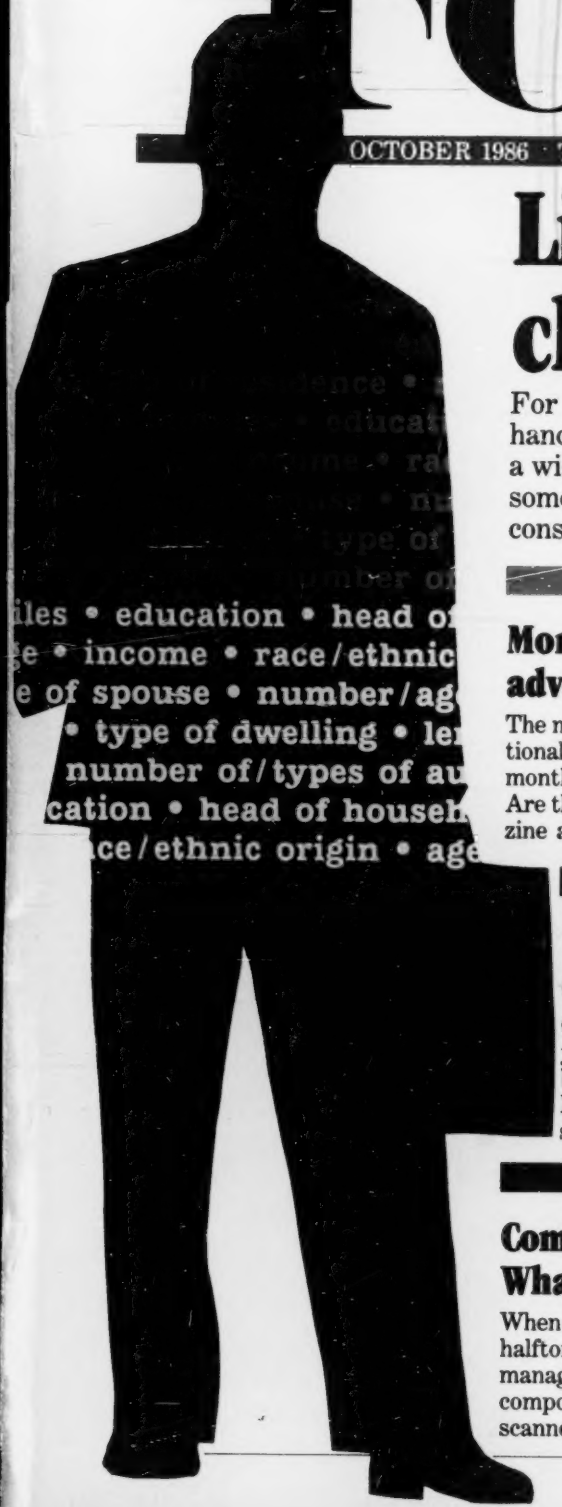
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List enhancement choices are vast

For most list managers and promotion directors, an enhanced database is all that's needed to take advantage of a wide variety of new marketing opportunities. The cost is sometimes high, but the rewards are worth it. A direct mail consultant explains why. **146**

More catalogs chase advertising dollars

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'Merger mania' cooling off?

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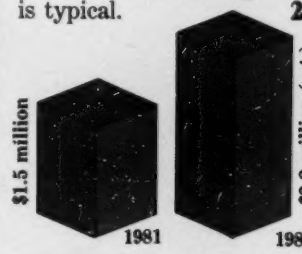
RDA payments grow sharply

Several factors, including the increase of RDA consultants, have given a dramatic boost to RDA payments. The rise in Petersen Publishing's cost is typical. **27**



Source: Petersen Publishing

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UPDATE

Marketers push for promotions

Publishers try to adapt to their advertisers' new infatuation with sales promotions

New York City—One cause of the current sluggish advertising market is that major consumer goods companies are shifting marketing dollars into short-term sales promotions—and away from image-building media advertising. The trend is forcing many publishers to face difficult options: They either keep apace by expanding their promotional programs available to advertisers, or they kiss the ad dollars good-by.

"The clients are saying, 'We want more than pages; we want to use whatever the magazine has to help us move our goods,' " says Walter Joyce, marketing consultant. *Ms.* magazine advertising director Helen Barr puts it another way: "Advertisers are looking for value-added opportunities."

Marketers' love affair with promotions has been steadily warming. Heavyweights such as Quaker Oats Co., R. J. Reynolds Industries and Procter & Gamble Co. are all expanding their promotion programs. Last year packaged-goods companies spent about 30 cents of every marketing dollar on consumer promotion—up from 23 cents in 1980. In the same period, media advertising's chunk of the dollar fell from 43 cents to 35 cents, according to Donnelly Marketing.

"The promotional activity . . . is one of the pieces in this whole [advertising] softness," says *Ladies' Home*

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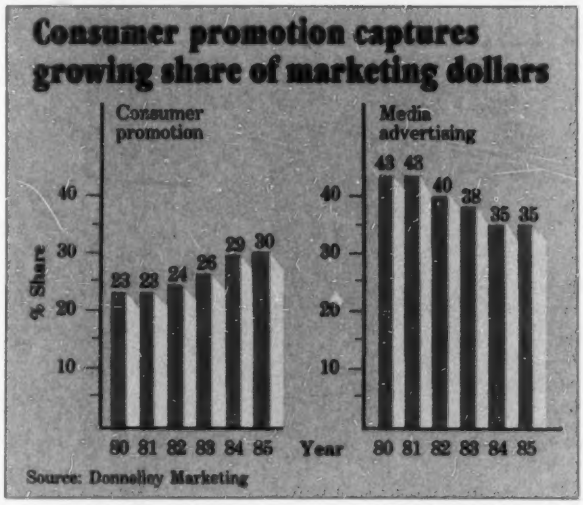

***Packaged-goods** marketers have increased spending on consumer promotion. It now equals 30 percent of the marketing dollar, while advertising's share has fallen to 35 percent. The remainder is spent on trade promotion.*

Publishers' RDA payments rise sharply in eighties

More claims are filed as consultants help retailers expedite process

Los Angeles—Retail display allowance (RDA) payments, which publishers pay retailers to obtain space on racks in retail stores, have doubled during the past five to seven years, and will reach an industry-wide total of $25 to $30 million in 1986, according to single-copy consultant David Miller, president of David Miller Associates.

A case in point is Los Angeles-based Petersen Publishing Co. In 1981, says Nigel Heaton, vice president of circulation, the company paid $1.5 million to retailers in RDA money. In 1986, he projects that this amount will be $3.2 million, more than twice as much. *(See chart next page.)*

Why has the cost of RDAs taken such a sharp turn upward in the eighties?

Basically, more RDA claims are being filed by retailers in a more efficient manner; more retailers have become aware of the opportunities to garner funds; and cover prices of magazines have been on the rise, so RDA payments, which are usually 10 percent of a magazine's cover price, have taken a concomitant jump.

The efficiency of RDA claim filing

Push for promotions

(CONTINUED FROM PAGE 27)

Journal publisher Robert Thomas, adding that clients "are asking us to do a lot more than they used to." And whereas advertisers typically request programs aimed at their sales force or retailers (known as trade promotion), now they are pressuring the magazine for more programs targeted directly at readers—such as baking contests or premium giveaways, Thomas says. "If you're able to do it, you get the promotion; if not, you don't."

The increase in promotion spending doesn't necessarily mean a proportionate decrease in advertising spending. Alan Waxenberg, publisher of *Redbook*, sees the upsurge in promotional activity as an "enormous" opportunity for the magazine because "usually those promotion dollars come out of budgets other than advertising." But the balance could certainly shift, he says, especially as business slows and advertisers scramble for "maximum impact" from marketing expenditures.

Smaller titles involved

It is not only the publishing giants playing the promotion game. *Ms.* magazine is significantly expanding its merchandising efforts, for instance. The magazine was hit hard by losses in the liquor, cigarette and financial services categories, Barr says, so a revved up promotional schedule is part of its efforts to draw new advertisers into the magazine.

"The women's service magazines have always done a good job [with promotions]. So have fashion magazines," Barr says. "In order to compete, the smaller books are going to have to get involved too."

Ms.'s strategy is to offer advertisers its easy access to influential women. When women's groups sponsor events, *Ms.* will be there giving out samples of advertisers' products, showing slides about advertisers, or handing out coupons. Its famous editor, Gloria Steinem, is not above making videotapes about selling cars to women for an automotive advertiser. For the magazine's fifteenth anniversary next year, *Ms.* will take a retrospective on women's progress on the road to shopping malls. Advertisers will be able to tie in with the show.

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some of the most important research on women," Barr explains. "We've opened ourselves up and said, 'Let's be helpful.' "

Cost prohibitive?

Although any publisher would like to be able to offer advertisers a barrage of promotional programs, such programs are costly. "We're not in the merchandising business, we don't have the staff," says Thomas of *Ladies' Home Journal*. "If I have to staff up, it's going to affect the rates, because someone has to pay for it."

Ron Galotti, publisher of *Mademoiselle*, agrees that most magazines are not equipped to handle extensive promotion programs such as those common to *Mademoiselle* and other fashion magazines. He has five merchandising editors on staff that coordinate the "*Mademoiselle* on Location" department store programs, for example. But because of the magazine's name and high profile among women, stores are willing to pay for the road show's visits, he notes.

Some 180 billion coupons were distributed last year. Magazines should be considering new techniques to entice more coupon business.

Barr of *Ms.* says too that advertisers are generally willing to share in the cost of a large-scale promotion. And the magazine doesn't have to use in-house staff to carry out major events—they can contract with promotional agencies. She hired two additional employees to work on merchandising and promotion, but next year's mall tour will be handled by an outside firm.

Lack critical mass

Although publishers say they are getting more and more pressure from advertisers to come up with merchandising and promotion packages, they stress that their role in a major marketer's overall sales promotion scheme is minuscule.

"One of the problems is that each magazine unto itself is not adequate as

(CONTINUED ON PAGE 52)

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(CONTINUED FROM PAGE 47)
a promotion vehicle," explains Thomas Redd of *Family Circle*. Magazines can develop programs for a category of advertisers that might induce marketers to participate, he notes. But when it comes to the big marketers' own consumer sales promotions, they look for more efficient ways to reach the masses directly.

The coupon connection

Coupons are one of the primary promotional vehicles such marketers use. Some 180 billion coupons were distributed last year. Coupon distribution, especially through free-standing inserts in newspapers, has risen dramatically in the last five years, even as coupon redemption slips.

Although couponing comes under much criticism—mainly for its "quick-fix" orientation in generating sales rather than customers—the activity is not likely to taper off in the near future, observers say. Magazines are certainly part of the action as coupon carriers, but Leo Scullin, director of print media at the agency Young & Rubicam, warns that publishers "have to work on improving their coupon redemptions." Magazines should be considering new techniques such as "personalized" coupons, he says, to entice marketers to buy more pages for couponing.□

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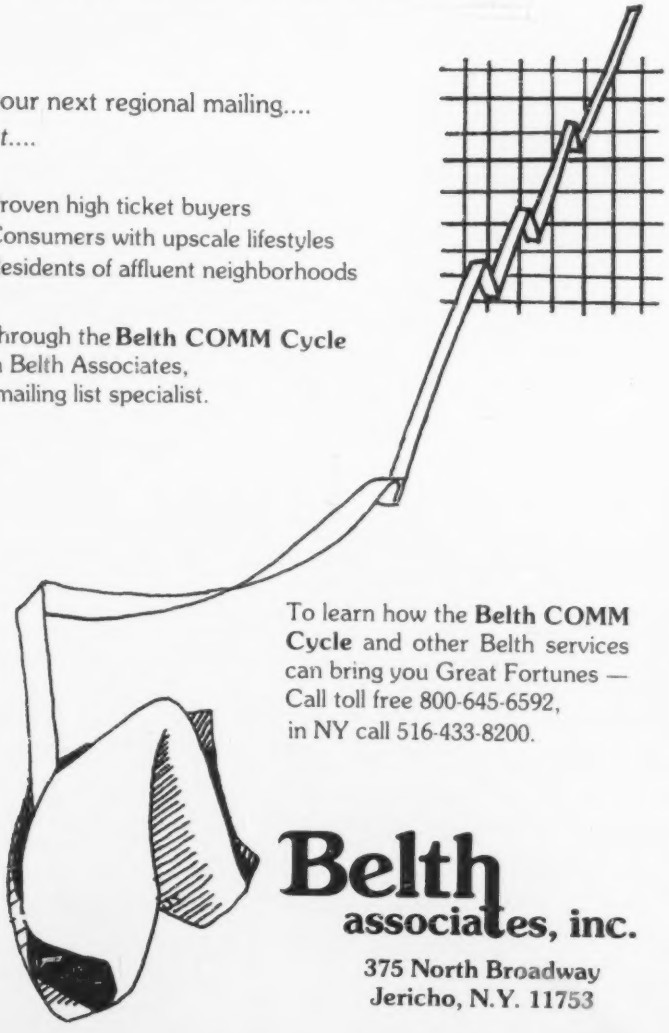

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Inquiries mean business

Study gives evidence that 'literature collectors' are actually serious buyers

Chicago—Some advertisers complain that business magazine readers who inquire about advertised products are just "literature collectors," but in truth there is much data indicating that such readers are serious buyers and prime prospects, according to Jerome Neff, publishing vice president, Penton/IPC.

Neff, speaking at a Business Publications Audit of Circulation conference, outlined the evidence that publishers can use to convince skeptical advertisers that literature requests come from business people who need product information precisely because they are close to making a purchase decision. He also listed techniques that can be suggested to advertisers as means of generating more such inquiries.

Quoting from a study conducted by the Center for Marketing Communications, a former advertising research group, Neff reported that for every 1,000 persons making inquiries about advertisements, 26 percent purchased products, and 22 percent indicated that they planned to make purchases, while 52 percent said they had no immediate purchase plans.

The study also ranked product information sources in terms of how frequently they were used by respondents in preparation for purchasing products, Neff said. Personal collection of product information was ranked first in importance, followed by catalogs; inquiry cards keyed to advertisements; others in the company; salespeople; distributors; product postcards from card